

Message Text

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PAGE 01 TOKYO 04007 130953Z
ACTION TRSE-00

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INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY ROME

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USEEC

USOECD ALSO FOR EMBASSY

EO 11652: N/A
TAGS: EAID, EFIN, JA
SUBJECT: PROPOSED INCREASE IN IMF/IBRD SALARIES

REF: TOKYO 2982

1. SUMMARY: FINANCE MINISTER MURAYAMA ADVISED AMBASSADOR MANSFIELD BY LETTER OF MARCH 9, 1978 OF AGREEMENT THAT COMPENSATION ISSUES INCLUDING COST-OF-LIVING INCREASE SHOULD MORE APPROPRIATELY BE RESOLVED AFTER RECEIPT OF JOINT COMMITTEE OF FUND/BANK EXECUTIVE DIRECTORS FINAL RECOMMENDATIONS. END SUMMARY.

2. IN RESPONSE TO AMBASSADOR MANSFIELD'S LETTER OF FEB 22 CONVEYING U.S. VIEWS ON FUND/BANK SALARY INCREASES, MINISTER OF FINANCE MURAYAMA HAS REPLIED AS FOLLOWS:
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BEGIN TEXT:

"DEAR MR. AMBASSADOR:

I AM PLEASED TO ACKNOWLEDGE THE RECEIPT OF YOUR LETTER DATED FEBRUARY 22, 1978.

AS YOU ARE WELL AWARE, THE INDEPENDENT CONSULTING FIRMS HAVE RECENTLY COMPLETED THE IMF/IBRD STAFF COMPENSATION STUDY COMMISSIONED BY THE FIVE MAJOR MEMBERS OF THE IMF/IBRD, INCLUDING THE U.S. AND JAPAN. THE JOINT COMMITTEE OF EXECUTIVE DIRECTORS OF THE IMF/IBRD IS ANTICIPATED TO COME UP WITH THEIR RECOMMENDATIONS BY JUNE TAKING INTO ACCOUNT THE ABOVE STUDY. THEREFORE, WE THINK THAT THE COMPENSATION ISSUES INCLUDING THE COST-OF-LIVING INCREASES SHOULD MORE APPROPRIATELY BE RESOLVED AFTER WE RECEIVE THE JOINT COMMITTEE'S FINAL RECOMMENDATIONS.

AS WE HAVE INDICATED EARLIER IN SEVERAL OCCASIONS, HOWEVER, WE HAVE SLIGHTLY DIFFERENT VIEWS ESPECIALLY ON THE EXPATRIATE ASPECT OF THE IMF/IBRD COMPENSATION STRUCTURE. NAMELY, THE JAPANESE STAFF MEMBERS ARE FACED WITH VARIOUS HARDSHIPS, WHICH YOUR PEOPLE WOULDN'T EXPERIENCE. THEY ARE, FOR INSTANCE, DIFFERENT LIVING AND CULTURAL ENVIRONMENTS, HIGH RESETTLEMENT COSTS, LINGUISTIC AND EDUCATIONAL DIFFICULTIES OF THEIR DEPENDENTS, ABANDONMENT OF PRIVILEGES UNDER LIFE-LONG EMPLOYMENT SYSTEM AND/OR SENIORITY SYSTEM. UNLESS THESE HARDSHIPS, SOME OF WHICH ARE, MAYBE, COMMON TO EXPATRIATES FROM OTHER COUNTRIES, ARE MORE FULLY REFLECTED IN THE IMF/IBRD COMPENSATION STRUCTURE, THE RECRUITMENT FROM JAPAN AND OTHER INDUSTRIAL COUNTRIES WILL BECOME EVEN MORE DIFFICULT.

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AS STIPULATED IN THE IMF/IBRD ARTICLES, WE BELIEVE THAT IT IS VERY IMPORTANT TO RECRUIT THE IMF/IBRD PERSONNEL ON AS WIDE A GEOGRAPHICAL BASIS AS POSSIBLE. END TEXT.

3. IN SUPPLEMENTARY COMMENT AT TIME OF PROVIDING TEXT OF MURAYAMA LETTER, MOF OFFICIAL DISTINGUISHED CLEARLY BETWEEN AGREEMENT ON TIMING REFLECTED IN LETTER AND ULTIMATE JAPANESE VIEW WITH RESPECT TO SUBSTANCE OF U.S. PROPOSALS ON FUND/BANK SALARY LEVELS. HE SAID THAT GOJ REMAINED CONCERNED ABOUT TURNOVER OF JAPANESE AND EUROPEAN PERSONNEL IN THE FUND AND THE BANK AND PROBLEMS OF RECRUITING, WHICH HE SAID HAD BECOME MORE DIFFICULT BECAUSE OF DECLINE OF DOLLAR. THUS WHILE THE GOJ IS SYMPATHETIC TO U.S. CONGRESSIONAL PROBLEMS, HE THOUGHT THAT THEY WOULD PROBABLY NOT REPEAT NOT GO ALONG WITH BASIC U.S. PROPOSALS ON FUND/BANK SALARIES. SHERMAN

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